

INFORMATION ON QUARTERLY TAX BILLING

The following is information prepared by the Massachusetts Department of Revenue to explain quarterly tax billing.

Your community is proposing to adopt a new quarterly tax payment system, which will affect your property tax bills for Fiscal Year 2010 (July 1, 2009 to June 30, 2010). This explains how this new system will work.

BENEFITS FROM THE NEW SYSTEM

Under the old system, property tax payments were due twice a year, ideally November 1 and May 1. In practice, the majority of communities frequently issued their tax bills at different times during the year. As a result, taxpayers were often uncertain when their bills would be issued and had difficulty in planning their payments. Also, communities were forced to borrow money to have sufficient funds to meet their bills.

The new quarterly system has been shown in a number of other Massachusetts communities to provide the following advantages:

- Greater certainty in payment due dates for taxpayers.
- More even distribution of income for cities and towns.
- Significant reduction – even elimination – of costly municipal borrowing in anticipation of tax revenues.

HOW QUARTERLY PAYMENTS WILL WORK

Under the quarterly payment system, you will be sent a preliminary tax bill each year by July 1. Your preliminary tax will be based on the adjusted net tax owed (including any betterments, special assessments and other charges added to the tax) on your property for the prior fiscal year and as a general rule will be no more than half (50%) of that amount. Adjustments are made for any abatements or exemptions granted in the prior year, and any tax increases allowed under Proposition 2 ½ for the current fiscal year. Your preliminary tax will be payable in two equal installments. Your first payment will be due on August 1 and your second payment will be due on November 1.

Example: If your Fiscal Year 2009 tax was \$2000 (including any betterments, special assessments and other charges added to the tax), and you were granted an abatement of \$400, your FY09 net tax due was \$1600. After a tax increase adjustment of 2.5%, your adjusted FY09 net tax due would be \$1640 and your Fiscal Year 2010 preliminary tax would in most instances be no more than \$820. This \$820 would be payable in two installments of \$410 each. Your first \$410 payment would be due on August 1, 2009 and the second would be due on November 1, 2009.

If for some reason preliminary tax bills were not mailed until after July 1, your first payment will be due August 1 or 30 days after the bills are mailed, whichever is later. The second payment will still be due November 1. If preliminary bills were mailed after August 1, however, you would have until November 1 (or 30 days after the bills are mailed, if later) to pay the entire balance of \$820.

Your **actual tax bill** will then be sent to you **on or about December 31**. This bill will show the **assessed valuation** of your property, the **tax rate** and the **amount of property taxes** you owe for the fiscal year, including any betterments, special assessments or other charges that are added to the tax. The tax bill will also show the amount of the preliminary tax billed earlier as a credit against your actual tax for the year.

The balance of your tax remaining after credit for the preliminary tax will also be payable in **two equal installments**. Your first payment will be due on **February 1** and your second payment will be due on **May 1**.

Example: If your actual Fiscal Year 2010 tax bill is \$2100 and you had previously been billed \$820 in preliminary taxes for the year, you would have a remaining balance of \$1280. This \$1280 balance would be payable in two installments of \$640 each. The first \$640 payment would be due on February 1, 2010 and the second would be due on May 1, 2010.

If for some reason actual tax bills were not mailed until after December 31, you would have until May 1 (or 30 days after the bills are mailed, if later) to pay the entire balance of \$1280.

LATE PAYMENTS

Under the quarterly payment system, interest on late tax payments will be charged for the number of days that the payment is actually delinquent. For example, if a payment due on November 1 is not made timely, interest will be charged from that date until the date the payment is made.

ANSWERS TO COMMON QUESTIONS ABOUT QUARTERLY TAX PAYMENTS

Will the new system affect the amount of property taxes I pay for the year? **No.** The amount you pay is the same under either system. Either way, the amount is based on the valuation of your property and the tax rate. The tax rate reflects the level of taxes needed to fund local budget decisions and must still be within the limits of Proposition 2 ½.

Will the new system affect my right to seek an abatement or exemption? **No,** these rights are unchanged. Once the actual tax bills are mailed, you will still be able to file an abatement application with the assessors if you wish to contest your assessment. Applications for abatement must be filed on or before February 1, 2010 unless the actual bills are mailed after December 31, 2009. In that case, abatement applications must be filed on or before May 1, 2010, or the 30th day after the bills are mailed, whichever is later. Applications for personal exemptions and the residential exemption must be filed within three months of the date the actual tax bills were mailed. All other exemption applications are due the same date as abatement applications.

If you have additional questions, you should contact the Assessor's or Collector's Office in your community.